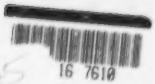

G
925275

10/L+

RECD S.E.C.
JUN 12 1992
137

0-28345

0-18183

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended April 30, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-18183

G-III APPAREL GROUP, LTD. /DE/
(Exact name of registrant as specified in its charter)

Delaware	41-1590959
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

345 West 37th Street, New York, New York	10018
(Address of Principal Executive Office)	(Zip Code)

(212) 629-8830
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

PROCESSED BY
JUN 16 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of June 8, 1992.

Common Stock $.01 par value per share: 6,144,431 shares.

Part I.	FINANCIAL INFORMATION	Page Number
Item 1.	Financial Statements*	
	Consolidated Balance Sheets - April 30, 1992 and July 31, 1991	3
	Consolidated Income Statements - For the Three Month Ended April 30, 1992 and 1991.	4
	Consolidated Income Statements - For the Nine Months Ended April 30, 1992 and 1991.	5
	Consolidated Statement of Cash Flows - For the Nine Months Ended April 30, 1992 and 1991.	6
	Notes to Financial Statements.	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	8-9

* The Balance Sheet at July 31, 1991 has been taken from the audited financial statements at that date. All other financial statements are unaudited.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS

	APRIL 30, 1992 (Unaudited)	JULY 31, 1991
Current Assets		
Cash and Cash Equivalents	$ 153,804	$ 4,446,275
Accounts Receivable - Net	9,344,498	22,907,375
Inventories	48,824,771	25,045,186
Due from Affiliates		131,285
Prepaid Expenses & Other Current Assets	645,982	993,398
Prepaid Income Taxes	2,001,312	1,462,844
Total Current Assets	60,970,367	54,986,363
Property and Equipment at Cost - Net	4,367,018	3,914,180
Other Assets	451,364	314,610
Deferred Income Taxes	870,375	870,375
	$ 66,659,124	$ 60,085,528

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Bankers Acceptances and Notes Payable	$ 24,850,000	$ 19,500,000
Current Maturities of Capital Leases	226,887	166,409
Accounts Payable and Accrued Expenses	5,512,400	5,871,393
Total Current Liabilities	30,589,287	25,537,802
Obligations Under Capital Leases	1,059,177	896,720
Stockholder's Equity:		
Series A redeemable convertible preferred stock, 1,000,000 shares authorized; no shares issued and outstanding as at April 30, 1992 and July 31, 1991.		
Common Stock, $.01 par value, 20,000,000 shares authorized; 6,144,431 share issued and outstanding as at April 30, 1992 and July 31, 1991.	61,444	61,444
Additional Paid-in Capital	20,768,430	20,768,430
Retained Earnings	14,180,786	12,821,132
	35,010,660	33,651,006
	$ 66,659,124	$ 60,085,528

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	THREE MONTHS ENDED APRIL 30,	
	1992	1991
	(Unaudited)	
Net Sales	$ 22,782,034	$ 12,522,888
Cost of Goods Sold	20,813,207	12,245,278
Gross Profit	1,968,827	277,610
Selling, General and Administrative Expenses	3,721,387	3,138,520
Operating Profit (Loss)	(1,752,560)	(2,860,910)
Interest and Financing Charges, Net	295,382	7,093
Income (Loss) Before Taxes	(2,047,942)	(2,868,003)
Income Tax (Benefit)	(851,944)	(1,156,383)
Net Income (Loss)	$ (1,195,998)	$ (1,711,620)
Net Income (Loss) Per Share	$ (.19)	(.28)
Shares Outstanding	6,144,431	6,144,431

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	NINE MONTHS ENDED APRIL 30.	
	1992	1991
	(Unaudited)	
Net Sales	$ 118,738,253	$ 96,024,438
Cost of Goods Sold	104,450,165	85,750,934
Gross Profit	14,288,088	10,273,504
Selling, General and Administrative Expenses	11,219,200	10,045,555
Operating Profit	3,068,888	227,949
Interest and Financing Charges, Net	740,712	802,379
Income (Loss) Before Taxes	2,328,176	(574,430)
Income Tax (Benefit)	968,521	(234,367)
Net Income (Loss)	$ 1,359,655	$ (340,063)
Net Income (Loss) Per Share	$ .22	$ (.06)
Shares Outstanding	6,144,431	6,144,431

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	NINE MONTHS ENDED APRIL 30,	
	1992	1991
	(Unaudited)	
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 1,359,654	$ (340,063)
Adjustments to reconcile net income:		
Depreciation and amortization	407,000	277,700
Provision for doubtful accounts and sales discounts	34,551	150,097
Changes in operating assets and liabilities:		
Decrease in Accounts Receivable	13,528,326	27,159,309
Increase in Inventory	(23,779,585)	(1,425,499)
Decrease in Due from Affiliates	131,285	1,185,883
Decrease in Prepaid Expenses	347,416	974,038
Increase in Other Assets	(136,754)	(136,103)
Decrease in Accounts Payable and Accrued Expenses	(298,515)	(2,231,329)
Decrease in Income Taxes Payable	0	(176,459)
Increase in Prepaid Income Taxes	(538,468)	(3,087,778)
	(10,304,744)	22,689,859
Net Cash Provided by (Used In) Operating Activities	(8,945,090)	22,349,796
Cash Flows Used In Investing Activities:		
Capital Expenditures	(859,838)	(587,227)
Cash Flows Provided by (Used In) Financing Activities:		
Proceeds under Bankers' Acceptances and Notes	49,250,000	50,600,000
Repayments of Bankers' Acceptances and Notes	(43,900,000)	(73,550,000)
Proceeds from Other Long Term Borrowings	330,699	0
Principal Payment of Capital Leases	(168,242)	(22,728)
Net Cash Provided by (Used In) Financing Activities	5,512,457	(22,972,728)
Net Decrease in Cash	(4,292,471)	(1,210,159)
Cash at Beginning of Period	4,446,275	1,692,246
Cash at End of Period	$ 153,804	$ 482,087
Supplemental Disclosures of Cash Flow Information		
Cash Paid during the Period for:		
Interest	$ 457,693	$ 612,789
Income Taxes	$ 1,521,162	$ 3,013,564

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

The results of the quarter and nine months ended April 30, 1992 are not necessarily indicative of the results to be expected for the entire fiscal year. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring accruals) necessary for a fair presentation of the financial periods presented have been reflected.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Form 10K, filed with the Securities and Exchange Commission for the year ended July 31, 1991.

Note 2 - Inventories

Substantially all of the inventories are finished goods.

Note - Bankers' Acceptances and Notes Payable

During the quarter, the Company increased its working capital lines from $50 million to $60 million. Bank obligations are secured by a lien on trade accounts receivable and finished goods inventory.

Note 4 - Net Income Per Common Share

Net income per common share is calculated based on the weighted average number of outstanding common shares. The effect of common stock equivalents is not significant for any periods presented.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Year references relate to the Company's fiscal year ended July 31, in such year.

Results of Operations

Net sales of $22.8 million for the third quarter of 1992 were approximately 81.9% greater than net sales of $12.5 million for the third quarter of 1991. For the nine months ended April 30, 1992, net sales were $118.7 million, an increase of $22.7 million or 23.7% from the same period in fiscal 1991. An improving economic climate in the United States, compared to the previous year which included the effects of the Persian Gulf conflict, and the continued growth of the Company's men's division and textile division contributed to these increases. The increase in sales was primarily the result of increases in units sold rather than increased prices.

Gross profit was $2.0 million in the third quarter of 1992, representing an increase of approximately $1.7 million from the third quarter of 1991. Gross profit as a percentage of net sales was 8.6% and 2.2% for the third quarter of 1992 and 1991, respectively. For the nine months ended April 30, 1992, gross profit was $14.3 million, an increase of $4.0 million or 39.1% from the same period in fiscal 1991. Gross profit as a percent of net sales for the nine months period was 12.0% this year compared to 10.7% last year. An improving United States economy as well as an increase in the sales volume of certain classifications of merchandise with higher margins were the primary causes of the improved gross margin percentage.

Selling, general and administrative expenses of $3.7 million for the third quarter of 1992 were approximately $583,000 more than in the comparable period in 1991. As a percentage of net sales, selling, general and administrative expenses were 16.3% in the third quarter of 1992 compared to 25.1% last year. For the nine month period, selling, general and administrative expenses were $11.2 millon or 9.4% of sales, compared to $10.0 million or 10.7% of sales for the same period last year. This increase is primarily the result of a fully staffed and operational textile division, which began operations last year, the renting of additional warehouse space to accommodate increased inventory levels as well as increased expenses incurred to identify new resourcing and designs for the manufacture of leather and textile apparel.

Interest expense of $295,000 was $288,000 higher in the third quarter of 1992, compared to interest expense of $7,000 in the third quarter of 1991. For the nine month-period, interest expense was $741,000, a decrease of $62,000, or 7.7% from the same period last year. The increase in interest expense for the quarter is primarily the result of higher bank debt required to support the growth in inventory levels. The decrease for the nine months reflects lower interest rates than the previous year.

Liquidity and Capital Resources

During the quarter, the Company increased its level of inventories over last year in the anticipation of continued increases in sales volume. Accordingly, the Company increased its working capital lines of credit to a maximum amount of $60 million from two banks of which a maximum of $50 million is available for direct borrowing and bankers' acceptances and the unused balance for letters of credit. Direct borrowings under the line of credit bear interest at the prime rate for one bank (6 1/2% as of June 1, 1992) and at 1/4% above the prime rate of the second bank, which was 6 1/2% as of June 8, 1992, and are payable on demand. Bankers' acceptances, which are used to finance imported inventory, mature 90 to 180 days from issuance and bear interest at the then prevailing market rate for bankers' acceptances plus 1 1/4 or 1 1/2%. The amount borrowed under the line of credit varies based on the Company's seasonal requirements. As of April 30, 1992 there were $24.850 million of outstanding borrowings for direct debt and bankers' acceptances and approximately $29.3 million of contingent liability under open letters of credit.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

G-III APPAREL GROUP, LTD.
(Registrant)

Date: June 12, 1992

By: /s/
Morris Goldfarb
President and Chief
Executive Officer

Date: June 12, 1992

By: /s/
Alan Feller
Chief Financial
Officer, Treasurer and
Secretary